

Yadkin County Board of Commissioners

Minutes of May 21, 2008

(Recessed from May 19, 2008)

The Yadkin County Board of Commissioners met in a recessed session on May 21, 2008 at 6:30pm in the Commissioners' Meeting Room of the Human Resources Building at 217 E. Willow Street, Yadkinville, North Carolina. Primary purpose of the recessed meeting was to review the proposed employee insurance plan from Crissman, Mendenhall, Steelman and for general discussions of the proposed FY 2008-2009 Yadkin County Budget.

Members present

Kim Clark Phillips- Chairman

Joel Cornelius – Vice Chairman

Tommy Garner - Commissioner (arrived at 6:50pm)

Chad Wagoner - Commissioner

Brady Wooten - Commissioner

Staff Present

Eric Williams – County Manager

Gina Brown – Clerk to the Board

Cheri Cranfill – Solid Waste Supervisor

Sheron Church – Finance Director

Others Present

Kevin Austin – Candidate for County Commissioner

Andy Matthews – representing The Yadkin Ripple

Chairman Phillips called the recessed meeting back to order at 6:39 pm.

The Board agreed to end the budget sessions by 9:00pm each night.

Employee Insurance Benefits

Rusty Crissman and Van Shore of Crissman, Mendenhall, Steelman (CMS) appeared before the Board to discuss and review a possible plan for the Employee Health Insurance for FY 2008-2009. Mr. Crissman offered his appreciation for the opportunity to present this information to the Board. Mr. Crissman encouraged the Board and staff members to call his office if there are any questions or concerns.

As brokers, CMS solicited quotes from several companies. Yadkin County holds a 96 ½ % loss ratio on county employees making it high risk and not very attractive to most insurance markets. In addition, the insurance market measures the severity of claims and the frequency of claims. Yadkin County, though their severity ratio is low, the frequency ratio is driving up the cost of the policy. The County's existing plan will result in a 16.3% increase. CMS reviewed several options to decrease the likelihood that County employees would have to begin assuming part of the costs of the premiums. CMS has been able to tailor a Blue Cross Blue Shield plan that will yield a 5.5% decrease from the previous year. CMS is proposing a Health Reimbursement Plan (HRA). Highlights of this plan include:

- 100% coverage for well visits and preventative screenings
- No changes in the prescription coverage
- No lifetime maximum
- Less out of pocket expenses for the more frequent user
- \$500 reimbursement once deductible is met
- 24 on-line access to employee's HRA account
- Seamless process
- Plan tends to promote more responsibility on the part of the employees for their own healthcare

Mr. Crissman offered the following examples:

Existing Plan

\$10,000 claim

- \$500 deductible

\$9,500

X 20%

\$1,900 (employee portion on 80/20 policy)

\$500

+1,900

\$2,400 total out-of-pocket for employee

\$7,600 paid by BCBS

HRA Plan

\$10,000 claim

- 2,000 deductible

\$8,000 paid by BCBS

\$2000 paid by employee

- 500 reimbursement

\$1,500 total out-of-pocket

In this scenario, the employee saves \$1,900 in out-of-pocket expenses.

CMS recommends that the county budget their insurance costs at the same rate as last budget year. The county will establish a separate line item for the savings they experience in premium costs to fund the reimbursements. The County will experience an \$80,000 savings in premiums to place in the reimbursement account. This is the equivalent of 160 employees qualifying for the \$500 reimbursement.

Commissioner Wagoner asked how much burden would be placed on the Finance Department with this reimbursement process. Mr. Crissman explained that this process is totally electronic. The County will receive an email notification when an employee has qualified for a reimbursement.

Commissioner Cornelius stated that from a taxpayer's standpoint, it is ridiculous that County employees do not pay a portion of their insurance costs as all of the private sector does. Commissioner Wagoner was in total agreement with Commissioner Cornelius. However, Commissioner Wagoner was reluctant to impose 2 major insurance changes on employees in the same year.

**Commissioner Wagoner made a motion to adopt the Blue Cross Blue Shield HRA Employee Insurance Plan proposed by Crissman, Mendenhall, Steelman. Commissioner Wooten second.
Vote: 4/1 (Cornelius against)**

[Comparison of Insurance Options from CMS is attached as Addendum A]

Middle Schools

Commissioner Wagoner began a brief discussion of the recently presented Capital Projects Ordinance for the 2 new middle schools. The Board opted for a recess prior to these major discussions.

Chair Phillips called for a recess at 8:27pm. The meeting resumed at 8:41pm.

At the request of Vice Chair Cornelius, Clerk Brown had provided the Board members with the following:

- (1) The current proposed Capital Projects Ordinance for Starmount and Forbush Middle School
- (2) Financial Scenarios dated 11-16-07 from First Southwest
- (3) Board Meeting Minutes from 12/3/07, 12/17/07, 1/7/08, 2/4/08, and 2/18/08

Commissioner Wagoner read a passage from the December 3, 2007 meeting that read as follows:

"... Commissioner Wooten was concerned for the substantial increase in original estimates. Dr. Benfield stated that he could not address the original estimates as he was not involved in the planning stages. Dr. Benfield did comment that the \$27 million represents a turnkey job, to include furniture, fixtures, and equipment."

Commissioner Wagoner asked Finance Director, Sheron Church and Manager Williams where the figures for the ordinance came from. Director Church replied that she had met with Manager Williams and Gale Hill and Donald Hawks of Yadkin County Schools. The figures on the ordinance came directly from school personnel.

Commissioner Wagoner stated that the figures are wrong and that \$27 million is the bottom line figure. The county has already made arrangements to finance \$25.6 million with an offset from lottery money, ADM funds, and proceeds from an earlier school loan. Commissioner Wagoner continued that these monies should offset the County's debt, not the schools'. Vice Chair Cornelius added that the schools would receive no additional funding on the middle school project. After some discussion, the Board asked Manager Williams to provide definitive answers from Dr. Benfield by the next meeting on June 2, 2008.

[Data related to the discussion of middle school funding is attached as Addendum B]

General Budget Discussion

Vice Chair Cornelius instructed the County Manager to cut \$2 million from the proposed budget allowing the need for only \$1.3 million from the fund balance. The full Board was in agreement with these instructions. Particularly, Vice Chair Cornelius directed the elimination of all requested positions, with the exception of communications and the elimination of any requested vehicles, with the exception of emergency vehicles.

Manager Williams remarked that the proposed budget reflects salary adjustments; requests for rolling stock and new positions; and increased funding requests from Crossroads, Surry Community College, and Yadkin County Schools.

Commissioner Wooten asked Manager Williams to provide a copy of the original contract between Yadkin County and the Yadkin Center of Surry Community College by the next meeting. Commissioner Wooten has questions concerning the County's obligation to fund the maintenance costs and the salary of Wayne Matthews, the Center Director.

Commissioner Wooten also questioned the County vehicles that are being driven home by employees. This was discussed only briefly. The Board agreed that emergency personnel such as Deputies and Fire Marshal should be allowed to drive county vehicles to their home place within the County limits.

County Manager Williams noted that some expenses could be offset by charging municipalities for communication services. The Board was willing to discuss this at a later meeting. Commissioner Wooten remarked that he was not necessarily opposed to this option, but it should be considered that residents of municipalities pay County taxes as well.

Both Chair Phillips and Commission Wagoner expressed opposition to a 3 ½% COLA for County employees. Commissioner Wagoner was willing to support a 3% or \$1000.00 increase for County employees. Chair Phillips expressed her support for 2 ½% or \$1000.00 for County employees.

Chair Phillips expressed concern for the funding request for the libraries. Chair Phillips continued that the libraries would not get the amount that they requested.

Commissioner Cornelius instructed Manager Williams to place funding in the budget for landscaping around the Human Resources Building and possibly other County buildings. There was brief discussion of the current staffing of Public Buildings and Maintenance. Manager Williams stated that the budget proposes to transfer supervision of this department to Gary Hayes, Chief Inspector. Manager Williams remarked that Inspector Hayes has more experience with electrical and HVAC. Commissioner Cornelius replied that the staff of Public Buildings and Maintenance is to provide cleaning services and light maintenance and that supervision of this department is to remain with the County Manager.

The Board briefly reviewed the upcoming meeting schedule as follows:

Monday, June 2, 2008 at 9:00am – Regular monthly meeting

Monday, June 2, 2008 at 7:00pm – Public Hearing for Proposed FY 2008-2009 Budget

Wednesday, June 4, 2008 at 6:30pm – Budget meetings with Department Heads

Thursday, June 5, 2008 at 6:30pm – Budget meetings with Department Heads

Tuesday, June 10, 2008 at 6:30pm – Budget meetings with Department Heads

Thursday, June 12, 2008 at 6:30pm – Budget meetings

Additional meetings will be scheduled if necessary.

Vice Chair Cornelius made a motion to adjourn. Commissioner Garner second.

Vote: 5/0

Prepared and Approved by Clerk to the Board